

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**HB 305 – SB 402**

March 21, 2013

**SUMMARY OF ORIGINAL BILL:** Authorizes the dependents of directors of schools not certified as a teacher by the Department of Education who are under the age of 24 to receive a 25 percent reduction in tuition at any public higher education institution.

CORRECTED FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (004874):** Adds a new section to the bill requiring dependents of non-certified local education agency employees to receive a 25 percent tuition discount at any public institution of higher education. Dependents must be under the age of 24. Authorizes such dependents to continue to receive the discount if their parent dies while they are enrolled.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Expenditures – Exceeds \$4,189,500**

Assumptions for the bill as amended:

- Lost revenue for state-operated area technical-vocational schools and higher education institutions resulting from the proposed tuition discount will require additional appropriations of state funds from the General Fund.
- According to the Department of Education's 2011-2012 Annual Statistical Report, there are 127,937 non-certified employees of local education agencies. Information on how many of these employees are part-time is unknown, therefore it is reasonably estimated that 30 percent (or 38,381) are part-time and 70 percent (or 89,556) are full-time non-certified employees.
- TBR estimates that the average tuition waiver in FY13-14 will be \$686 and will increase each fiscal year.

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- Based on the participation rate for the current LEA certified employee tuition discount program for TBR, it is estimated that an additional 5,597 students attending TBR institutions will receive a tuition waiver beginning in FY13-14.
- Since information from the University of Tennessee (UT) was not available for the preparation of this fiscal estimate, the number of UT students that will receive tuition discounts as a result of this bill as amended is reasonably estimated to be at least 500.
- The average tuition waiver at UT is reasonably estimated to exceed \$700 in FY13-14 and subsequent years.
- The total increase in state expenditures for FY13-14 is estimated to exceed \$4,189,542  $[(5,597 \times \$686) + (500 \times \$700)]$ .
- Currently, THEC rules state that the dependents of certified superintendents licensed by the Department of Education and employed by any local school system are eligible to receive a tuition discount.
- There are no known instances in which a current superintendent or director of schools is not also certified by the Department of Education. Therefore, any increase in state expenditures for tuition discounts for this student population is estimated to be not significant.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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